

Title: *Eastern Theatrical Co., Inc., et al. v. Alfonso, as City Treasurer of Manila, et al., 83 Phil. 852 (1949)*

Facts:

- **Parties Involved**: Twelve corporations in the motion picture business (appellants) and Victor Alfonso (City Treasurer of Manila), the Municipal Board of the City of Manila, and Juan Nolasco (Mayor of the City of Manila) (appellees).

- **Ordinance Enacted**: Ordinance No. 2958 was enacted by the Municipal Board of Manila on April 25, 1946, approved by the Mayor on April 27, 1946, and took effect on May 1, 1946.

- **Provisions of Ordinance No. 2958**: The ordinance imposed a fee on the price of every admission ticket sold by cinematographs theaters, vaudeville companies, theatrical shows, and boxing exhibitions.

1. **Fee Schedule**:

- Tickets from P0.25 to P0.99: P0.05
- Tickets from P1 to P1.99: P0.10
- Tickets from P2 to P2.99: P0.15
- Tickets from P3 to P4.99: P0.20
- Tickets from P5 to P5.99: P0.25
- Tickets from P10 to P14.99: P0.35
- Tickets from P15 or more: P0.50

2. **Other Requirements**: Proprietors of relevant businesses must use registered tickets, submit fees within two days after performances, and comply with ticket handling procedures.

3. **Exemptions**: Charitable, educational, or religious institutions and US Army and Navy-operated places using US Government funds.

4. **Penalties**: Fines up to P200 or imprisonment up to six months, or both.

- **Plaintiffs' Allegations**:

- Violation of constitutional provisions regarding uniformity and equality of taxation and equal protection laws.

- Exceeding powers granted by the Charter of the City of Manila.

- Contravention of national legislation, particularly revenue and tax laws.

- Ordinance was unfair, arbitrary, capricious, and oppressive.

- **Defendants' Defense**:
 - Ordinance authorized by the Municipal Board's legislative powers.
 - Tax applied uniformly to all similar businesses without distinction.
 - No double taxation as national and city taxes serve different purposes.
 - Tax not unreasonable considering plaintiffs' business volume.
 - Plaintiffs increased admission prices equal to the tax but refused to pay the tax to the city while profiting.

- **Lower Court Decision**: Judge Emilio Peña of the Court of First Instance of Manila upheld the validity of Ordinance No. 2958 on September 5, 1946.

- **Appeal to the Supreme Court**: Plaintiffs contested the lower court's ruling, alleging three errors regarding jurisdiction, implied repeal of the tax authority by National Internal Revenue Code, and violation of constitutional tax equality and uniformity.

Issues:

1. **Jurisdiction of the Municipal Board**: Whether the Municipal Board of the City of Manila had the power to enact Ordinance No. 2958 under section 2444(m) of the Revised Administrative Code.
2. **Implied Repeal**: Whether the passage of Commonwealth Act No. 466 (National Internal Revenue Code) impliedly repealed the tax authority granted to the City of Manila.
3. **Constitutional Violation**: Whether Ordinance No. 2958 violated the constitutional principle of equality and uniformity in taxation.

Court's Decision:

1. **Jurisdiction of the Municipal Board**:
 - The Supreme Court affirmed that section 2444(m) of the Revised Administrative Code conferred upon the Municipal Board the power to tax amusement places, including theaters, cinematographs, and other similar businesses.
 - The court rejected the plaintiffs' argument that the tax should be classified solely as a business tax, acknowledging the explicit inclusion of amusement taxes in the enabling provision.

2. **Implied Repeal**:
 - The Court held that the enactment of Commonwealth Act No. 466 did not impliedly repeal the power of the City of Manila to impose taxes on amusements.

- It reasoned that both the national and municipal taxes served distinct purposes and did not interfere with each other. Thus, they could coexist harmoniously.

3. **Constitutional Violation**:

- The Supreme Court addressed the principle of equality and uniformity in taxation by emphasizing that classification for taxation purposes needs to be reasonable and natural.
- The Court found that Ordinance No. 2958 did not violate this principle, as the ordinance applied equally to all places of amusement within the specified categories.
- The Court maintained that the taxing authority could legitimately differentiate between various types of amusement places.

Doctrine:

- **Grant of Taxing Authority**: Section 2444(m) of the Revised Administrative Code authorizes municipalities to tax amusement places. This authority is broad enough to include the power to tax admission tickets specifically.
- **Simultaneous Existence of National and Municipal Taxes**: National taxation statutes do not necessarily override or conflict with municipal tax ordinances unless expressly stated or directly inconsistent.
- **Principle of Tax Equality and Uniformity**: This principle allows for reasonable classification by the taxing authorities, provided all members within a specific class are taxed equally and without discrimination.

Class Notes:

- **Section 2444(m) of the Revised Administrative Code**: Authorizes municipalities to tax various businesses, including places of amusement.
- **Commonwealth Act No. 466 (National Internal Revenue Code)**: Defines the national internal revenue taxes, including amusement taxes.
- **Principle of Equality and Uniformity in Taxation**: Art. VI, Sec. 22(1) of the Philippine Constitution necessitates that all taxable items within a class be taxed at the same rate.

Historical Background:

- **Post-War Tax Regulations**: The case arose shortly after World War II during a period when the Philippine government was reestablishing regulatory and tax frameworks.
- **Municipal Authority Expansion**: The case highlights the evolving scope of local governments' authority to impose taxes and regulate businesses within their jurisdiction.

- **National Economic Reconstruction**: The Court's decision reflects efforts to balance local governance and national oversight as the country worked on economic recovery and rebuilding.